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Executive Registry
83-3919

3 August 1983

NOTE FOR: Deputy Director of Personnel

FROM: Executive Assistant to the DDCI

Regarding the attached, the DDCI would like to make sure that you do move ahead in developing a supplemental plan. He agrees that the timing on releasing such a plan would be a policy decision. He does not want to get caught short, however, and would like you to move ahead.

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[redacted]

cc: ExDir

Distribution
Orig w/Atch - D/Pers
1 " - EXDIR
2 " - ODDCI
1 " - ER File

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[redacted]

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

D/Pers 83-2479

FROM: Deputy Director of Personnel 5 E 58 Hqs.

EXTENSION

NO. 25X1

DATE 2 August 1983 25X1

TO: (Officer designation, room number, and building)	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. Executive Registry				25X1
2.				
3. O/DDCI				
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Attached are excerpts from our Weekly Reports that I mentioned this morning. There is not much more to add. In the next couple of weeks, 25X1 I should have some idea of what an actuary would charge to assist us in developing a supplemental plan. There yet is no news of any effort either by the Administration or the Congress to develop such a plan.

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FORM 1-79 610 USE PREVIOUS EDITIONS

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6 May 1983

Office of Personnel Checklist

Retirement Reforms

There has been no contact with us by OMB on the memorandum from Judge Clark, with letters attached from the DCI and the Secretary of State. Given the negative reactions from the Congress to the reforms, we interpret the OMB's inaction as a good sign. Time will tell.

Social Security Coverage for New Employees, Effective 1 January 1984

Our working group, with authorization from the Executive Director and DDCI, is now prepared to meet with our Committees' staffs. The first meeting, with SSCI Staff, is now being arranged for sometime next week. We will raise with them an amendment to the CIA Retirement and Disability System to cover all CIA employees, current and prospective, but which provides equivalent benefits available to employees now under the Civil Service Retirement System and under the current CIARDS. The primary purpose of the proposal is to avoid Social Security coverage for new CIA employees. There are, however, significant additional benefits, e.g., improved security, since CIA names and affiliation will be kept out of the massive Social Security data base, and retirement for employees will be internally administered.

We are not at all optimistic that the response will be favorable, but we have a strong case and compelling arguments for the proposal; we will give it our best shot. Representatives of the Office of General Counsel, External Affairs, and the Comptroller will attend also.

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13 May 1983

Office of Personnel Checklist

Social Security Legislation

Our working group today met with Staff Members of the Senate Select Committee on Intelligence: Rob Simmons, Jean Evans, Ed Levine, and Peter Sullivan.

During the course of our two-hour conference, we discussed in full all of the Agency's concerns flowing from Social Security coverage for workers coming into our Agency on 1 January 1984 and thereafter. Throughout, there was a full exchange, questions, reactions, and impressions.

Our summary assessment is that there is both understanding of our concerns and willingness to try to do something about them. One thing is clear, however. The political reality of pulling anyone out from under Social Security is stark and represents a major obstacle to our efforts. To avoid this particular obstruction, suggestions were made, e.g., keeping people under Social Security but administering the system internally. While there was understanding of the Agency's early retirement policy, some Staff Members felt that the security issues, i.e., dealing with the Social Security Administration, were a stronger argument that those of managing Agency personnel.

The questions of a Community position came up again. Simmons indicated, however, that there was some merit to the Agency's pursuing its proposal without broadening it to include the rest of the Community. It is clear that this question will arise during any forthcoming hearing.

It was left that Simmons, as Staff Director, would take some soundings within the Committee. After that he will be back in touch with us about strategy. He believes that we will probably proceed to a full Committee hearing on the basic proposal, which we have submitted to them.

What we believe we must now do is to develop some alternatives to our basic proposal to include a supplemental plan to achieve our ends of preserving early retirement and an alternative to administer internally Social Security coverage with an appropriate supplemental plan to avoid serious security issues.

Our meeting had the clear result of obtaining full support of Staffs for a supplemental system that would uniquely respond to CIA's needs.

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3 June 1983

Office of Personnel Checklist

Social Security Legislation

The Executive Director, DDCI and DCI have approved our recommendation to change Agency strategy concerning Social Security coverage for employees entering the work force after 1 January 1984. Previously, our plan was to seek an amendment to the CIA Retirement and Disability System to cover all Agency employees while maintaining the differences in benefits for those currently under Civil Service Retirement and those eligible for the preferred CIARDS coverage. The intent was to avoid the impact of the recent Social Security Reform Act and to put prospective employees under retirement and not Social Security.

After a full discussion with staff members of the Senate Select Committee, we reported our view that any effort to get out from under Social Security would not only be futile; worse, it could be counter-productive and actually harm our attempt to develop a special supplemental system. Our recommendation, now approved, was to withdraw that effort and to concentrate our efforts on developing a supplemental system that would preserve the Agency's historical early retirement policy.

Our working group, in discussing strategy to be employed now, believes that our approach should be one that reiterates the importance that our retirement policy has had for 25 years and that the ideal solution would be to exclude our new hires from the impact of Social Security coverage. Recognizing the political realities of such an exclusion in the face of the pressures encountered by the Congress earlier this year, we believe that if the Congress could not authorize an exclusion, their fullest support would be needed for a supplemental system that would permit the Agency to maintain its policy of encouraging retirements at ages earlier than elsewhere in the government.

We plan to meet with the Staff Director, Senate Select Committee on Intelligence to express this view and to discuss how best to proceed with the supplemental plan.

Our group also discussed the strong possibility that the Administration may not submit its design of a supplemental system this year. If it does not, or if the Congress does not develop such a plan itself, this means that in January new hires would be covered by both the Civil Service Retirement System and Social Security. This creates the possibility that the unions may attempt again to repeal Social Security coverage. Their argument could

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be that new workers are paying considerably more than the existing work force. The more serious implication of inaction is that in developing our supplemental system, timing could be an extremely important factor. By this we mean that we should consider not proposing a supplemental system before the Administration itself designs such a system. We should, of course, be prepared to move quickly with our new design once the signals indicate that we should. Our plan now is to initiate the design and evaluate the cost of a supplemental system that would meet all Agency needs. At the same time, we will develop some fallback plans in the event the one we prefer runs into problems. There will be costs associated with this action in that there is no actuarial capability within the Agency; we will also need the services of a retirement consultant to help us develop the plan. We will be costing this and in turn will submit a request to the Executive Director for funding.

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1 July 1983

Office of Personnel Checklist

Social Security Coverage

We were finally able to meet with Rob Simmons, SSCI Staff Director, to follow up on our earlier meeting with him and other Staff Members on the matter of Social Security coverage for new hires. After the earlier meeting, he had promised to come back to us with a reaction to our proposal.

Mr. Simmons started off the discussion by indicating that he had set up a task force of Staff Members to review the Agency's concerns about Social Security coverage and our proposal. The results of that review were:

a. The group concluded that it could not muster Committee support to exempt the Agency from Social Security coverage for new hires. Further, there was little, if any, sentiment for the proposed two-tier single CIA system. While there was always support for addressing the needs of the Clandestine Service, some of the Senators would have difficulty distinguishing DDA, DDS&T, and DDI officers from employees elsewhere in government. Overall, it was the view of the study group that there was little chance of securing enactment of our proposal.

b. We then mentioned that we had reached essentially the same conclusion and discussed our assessment of chances of getting our proposal enacted. We then made the point that we needed the fullest support for a special supplemental system that would resolve Agency concerns. Mr. Simmons said he agreed completely with our own assessment and the wisdom of withdrawing our earlier proposal and thought also that the supplemental system approach was the way to go. We alerted him to the possibility that a system that would meet our needs could be expensive but that we would not know what was involved until we designed a system and had it reviewed by an actuary.

c. We asked if he knew whether there was any effort underway in the Congress or from the Administration on a supplemental system for new federal employees. He did not know but promised to look into this for us. He speculated, however, that there was not enough time this year to even schedule hearings on such a complicated matter and he doubted very much that anything of this type would occur before next year.

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Mr. Simmons was attentive and responsive and we believe that he will support our effort for a special supplemental system. He also agreed fully with us that the Agency should not have to carry the burden of a Community approach to this problem and that he would support an effort solely on the basis of CIA's needs and concerns.

Since we have time, our plan now is to start working on developing a supplemental system that would fully meet our needs as well as some fallback plans in the event the ideal system is too costly or would not be supported.

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8 July 1983

Office of Personnel Checklist

Social Security for New Hires

We met with [redacted] to discuss how best to launch the development of a supplemental retirement plan that will resolve Agency concerns flowing from the requirement to put new hires after January 1984 under Social Security coverage. [redacted] is the Agency consultant we have used for several years to prepare the annual report to the Congress on CIARDS; he is probably the Nation's foremost expert on Federal retirement programs. 25X1 25X1

[redacted] regards our objective as a very complicated matter that would have to be very carefully developed. At our request, he will contact an actuary who is an expert in retirement matters to determine what the cost of actuarial services might be. Based on his own personal contacts, [redacted] doubts that there will be any Congressional or Administration action on a supplemental plan before 1984, more likely 1985, before such a plan is aired by the Congress. While he agrees that we should continue our efforts to develop the specifics of our own plan, he has urged that we not get "up front" on this until we know the specifics of either the Congressional or Administration plan. Once we have identified actuarial and other costs, we will submit a staff paper to the Executive Director ourlining the financial resources that will be needed in order for us to proceed. 25X1 25X1

January 1984—U.S. Government Less Attractive as an Employer

Increasing numbers of potential applicants are expressing their concern over the prospects of paying into the "dual" retirement system that becomes effective 1 January 1984. They recognize that a combined 14% bi-weekly retirement contribution obligation makes Agency employment less attractive and increases the financial hardship if they have to reside in a high cost-of-living area like Washington, D.C. The U.S. Government is becoming less attractive as an employer. We expect that this trend will continue to escalate as we draw closer to the new year and that considerable pressure will be exerted by both the applicants and the components to EOD large numbers of applicants prior to 1 January 1984.

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